

## Comstock Homebuilding Reports Profitable Fourth Quarter, Marking the Second Consecutive Profitable Quarter

### Going Concern Opinion Is Removed

RESTON, VA, Mar 31, 2010 (MARKETWIRE via COMTEX News Network) -- Comstock Homebuilding Companies, Inc. (NASDAQ: CHCI) ("Comstock" or the "Company") today released audited financial results for fiscal 2009 in which the Company's independent auditors have removed the explanatory paragraph with respect to the Company's ability to continue as a going concern from their audit opinion. The Company also announced net income for its fourth quarter ended December 31, 2009 of \$1.4 million, \$0.07 diluted income per share, compared to a net loss of \$4.8 million and diluted loss per share of \$0.27 for the fourth quarter of 2008. Total revenue for the fourth quarter of 2009 was \$4.0 million compared to total revenue of \$5.2 million for the comparable 2008 quarter.

For the year ended December 31, 2009, total revenue was \$25.1 million, compared to total revenue of \$46.7 million for the year ended December 31, 2008. Net loss for the year ended December 31, 2009 was \$26.8 million, primarily as a result of losses reported in the first half of 2009, as compared to a net loss of \$17.1 million for the year ended December 31, 2008. Diluted loss per share for the year ended December 31, 2009 was \$1.51 compared to a diluted loss per share of \$0.98 for 2008.

In an effort to stabilize the Company, management formulated its Strategic Realignment Plan (the "Plan") and spent much of 2009 negotiating with lenders to eliminate and restructure debt in order to reposition the Company with an improved balance sheet and an enhanced ability to pursue new opportunities as market conditions improve. As a result of the Plan, the Company has reduced debt from \$340.0 million in mid 2006, to \$102.8 million at December 31, 2008 and to \$67.6 million at December 31, 2009.

### Results of Operations

On March 31, 2010 the Company will file its 2009 Form 10-K with the Securities and Exchange Commission. For the three and twelve months ending December 31, 2009, the company generated the following results of operations:

#### COMSTOCK HOMEBUILDING COMPANIES, INC. AND SUBSIDIARIES

#### CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
	-----	-----	-----	-----
Revenue				
Revenue - homebuilding	\$ 3,315	\$ 4,452	\$ 21,401	\$ 44,097
Revenue - other	639	757	3,665	2,565
	-----	-----	-----	-----
Total revenue	3,954	5,209	25,066	46,662
Expenses				
Cost of sales - homebuilding	3,072	4,078	19,635	39,246
Cost of sales - other	337	663	2,094	1,340
Impairments and write-offs	-	3,442	22,938	18,022
Selling, general and administrative	2,182	3,010	8,073	15,088
Interest, real estate taxes and indirect costs	330	2,071	4,138	5,685
	-----	-----	-----	-----
Operating loss	(1,967)	(8,055)	(31,812)	(32,719)
Gain on troubled debt restructuring	(600)	(3,332)	(3,403)	(12,851)
Gain on derecognition of subsidiary	(1,965)	-	(1,965)	-
Other loss (income), net	173	15	1,237	(2,850)

Total pre tax income (loss)	425	(4,738)	(27,681)	(17,018)
Income taxes (benefit) expense	(931)	43	(929)	48
Net income (loss)	1,356	(4,781)	(26,752)	(17,066)
Net income (loss) attributable to noncontrolling interest	-	-	-	(8)
Net income (loss) attributable to Comstock Homebuilding	\$ 1,356	\$ (4,781)	\$ (26,752)	\$ (17,058)
Basic income (loss) per share	\$ 0.08	\$ (0.27)	\$ (1.51)	\$ (0.98)
Basic weighted average shares outstanding	17,670	17,462	17,670	17,462
Diluted income (loss) per share	\$ 0.07	\$ (0.27)	\$ (1.51)	\$ (0.98)
Diluted weighted average shares outstanding	19,985	17,462	17,670	17,462

## Update on Operations and Cash Resources

During much of 2009, management focused on efforts to stabilize the company under its Strategic Realignment Plan (the "Plan"). Critical elements of the Plan included the termination of operations in the Atlanta, Georgia market, the suspension of operations in the Raleigh, N.C. market, and the identification of key real estate assets in the Company's core market of Washington, D.C. to be retained by the Company. With respect to real estate projects which management deemed to be non-essential to future growth, management negotiated the sale of the assets where possible based on market conditions, or entered into friendly foreclosure agreements with the related lenders to affect the transfer of the real estate to the lender in return for a release from the related debt obligation. As of December 31, 2009 the Company had successfully negotiated settlements with all of its secured lenders for loans guaranteed by the Company and had reduced the outstanding balance of debt from \$340 million in mid 2006, to \$102.8 million at December 31, 2008, and to \$67.6 million at December 31, 2009. As previously reported in SEC filings, certain loan modifications or amendments with its current unsecured lenders allow the Company to defer certain debt service obligations into 2011 and beyond, thereby enhancing the Company's ability to meet its current operating cashflow requirements.

Having completed the primary objectives of the Plan, management believes the Company has been substantially stabilized and is positioned for improved operating results, cashflow and liquidity during 2010. Following are highlights of liquidity events that have already occurred or are anticipated in 2010, as more fully detailed in the Company's Form 10-K:

- Enhanced cashflow to the Company is being generated from unit settlements at the Company's Eclipse and Penderbrook condominium projects as a result of loan modifications executed with KeyBank (Eclipse) and Guggenheim Corporate Funding, LLC (Penderbrook) that provide for reduced principal payments as units are settled.
- Due to a tax law change resulting from the passage of the Unemployment Insurance Extension Act of 2009, the Company received a tax refund of \$861,000 in February 2010.
- On March 17, 2010, the Company completed the sale of land at its Station View project to another home builder, generating revenue of \$2.8 million. The proceeds from the sale were used to reduce the outstanding debt associated with the Company's Eclipse project and to curtail other obligations.
- As a result of the success of the Plan, the Company has no scheduled debt maturities in 2010 (other than that covered by unit settlements at the Eclipse and Penderbrook), \$18.6 million in 2011 of which \$17.6 million will be covered by unit settlements), and \$1.1 million in 2012.
- On February 24, 2010, the Company's subsidiary, Comstock Potomac Yard, LC, was awarded a judgment against Balfour Beatty, in connection with claims brought by the Company against Balfour Beatty, as successor to Centex Construction Company, related to the Company's Eclipse condominium project in Arlington, Virginia. The United States District Court for the Eastern District of Virginia, Alexandria Division (the "Court"), issued a Memorandum Opinion and Order awarding Comstock

Potomac Yard, LC damages of approximately \$11.7 million plus attorney's fees to be determined at a later date. On March 17, 2010 the Court determined the attorney's fees to be reimbursed to the Company would be in the amount of \$230,000. On March 25, 2010, Balfour Beatty filed an appeal of the judgment and posted a supersedeas bond in the amount of \$12.5 million. The Company expects a ruling on the appeal to be issued in the fourth quarter of 2010. Currently, the Eclipse project loan agreement with KeyBank requires that if the judgment amount is upheld on appeal, the Company may be required to use a significant portion of cash received by the Company as a result of the judgment to pre-pay the then current principal balance of the Company's Eclipse project loan, with the exact amount of such loan curtailment being determined based on the then outstanding balance of the Eclipse project loan.

Based on the Company's success in realigning its debt and operating expenses with current market realities, the Company anticipates that the combination of enhanced cash flow from improved unit settlements, the cash generated by rental operations, the cash generated by land sales and the cash received from the tax refund will be sufficient to sustain operations through 2010. Further, the Company believes that it will generate a significant recovery of invested capital as a result of the completion of unit sales at the Eclipse and Penderbrook projects and as a result of the judgment award, if upheld on appeal, and that these sources of capital will position the Company to capitalize on emerging opportunities in the Company's core market.

"We believe the success of our Strategic Realignment Plan has stabilized our company and will lead to Comstock being a stronger company that is well positioned to capitalize on new opportunities," said Christopher Clemente, Comstock's Chairman and Chief Executive Officer. "Overall, we have reduced total debt from approximately \$340.0 million at September 30, 2006 to \$68.0 million at December 31, 2009. Additional benefits of our Strategic Realignment Plan include: enhanced operating cashflow, reduced operating costs and the potential to operate profitably in the near term. We are confident that we are poised to continue the trend of profitable results which began in Q3 2009 as the benefits of our Strategic Realignment Plan impact results, and we continue working diligently toward our goal of rebuilding shareholder value through near and long term positive operating results."

About Comstock Homebuilding Companies, Inc.

Comstock Homebuilding Companies, Inc. is a publically traded real estate enterprise with a focus on a variety of affordably priced, for-sale residential products. The company currently operates as Comstock Homes in the Washington, D.C. market. Comstock trades on NASDAQ as CHCI. For more information please visit [www.comstockhomebuilding.com](http://www.comstockhomebuilding.com).

#### Cautionary Statement

There can be no assurances that market conditions will be sufficient to sustain recent unit sales levels, or facilitate projected land sales. If unit sales do not meet regular requirements established under the recent modified project loan agreements, the Company may be required to utilize substantially all of the proceeds from unit settlements to curtail principal debt balances, and the Company would be forced to seek waivers or additional loan modifications from the project lenders. This release may contain "forward-looking" statements made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Additional information concerning these and other important risks and uncertainties can be found under the heading "Risk Factors" in the Company's Form 10-K to be filed with the Securities and Exchange Commission on March 31, 2010. Comstock specifically disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

#### COMSTOCK HOMEBUILDING COMPANIES, INC. AND SUBSIDIARIES

##### CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except per share data)

	December 31, 2009	December 31, 2008
	-----	-----
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,085	\$ 5,977
Restricted cash	3,249	3,859
Real estate held for development and sale	70,890	129,542
Inventory not owned - variable interest entities	-	19,250
Property, plant and equipment, net	144	829

Other assets	1,963	1,402
	-----	-----
TOTAL ASSETS	\$ 77,331	\$ 160,859
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$ 5,579	\$ 8,232
Obligations related to inventory not owned	-	19,050
Notes payable - secured by real estate	50,530	84,563
Notes payable - due to affiliates, unsecured	12,743	-
Notes payable - unsecured	4,346	18,266
	-----	-----
TOTAL LIABILITIES	73,198	130,111
	-----	-----
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Class A common stock, \$0.01 par value, 77,266,500 shares authorized, 15,608,438 and 15,608,438 issued and outstanding, respectively	156	156
Class B common stock, \$0.01 par value, 2,733,500 shares authorized, 2,733,500 issued and outstanding	27	27
Additional paid-in capital	157,418	157,058
Treasury stock, at cost (391,400 Class A common stock)	(2,439)	(2,439)
Accumulated deficit	(151,029)	(124,277)
	-----	-----
TOTAL COMSTOCK HOMEBUILDING COMPANIES, INC SHAREHOLDERS' EQUITY	4,133	30,525
Noncontrolling interest	-	223
	-----	-----
TOTAL EQUITY	4,133	30,748
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 77,331	\$ 160,859
	=====	=====

Contact:  
Jeffrey Dauer  
703.883.1700

SOURCE: Comstock Homebuilding Companies, Inc.

Copyright 2010 Marketwire, Inc., All rights reserved.

News Provided by COMTEX